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Free Enterprise: Courting the World

March 11, 2013

By MICHAEL REKSULAK

The U.S. is in for a fight — yet another one for preeminence.

According to last year's "Economic Report of the President", the U.S. "established a Task Force on Travel and Competitiveness ... with a goal of making the United States the world's top travel and tourism destination."

Of course, any government directed attempt to make a national industry more competitive globally should be viewed with suspicion in a free enterprise system. However, if such an effort leads to less restrictive regulations — for instance those related to visa policies for tourists — that could be effective.

I am attending an academic conference in Berlin, and the buzz around town is about "The World's Leading Travel Trade Show."

One can't but help noticing the thousands of participants (recognizable by their distinct ID badges) from around the world who have, well, traveled to Berlin. An intercultural town at any time, Berlin has taken on the flair of a global meeting place for these past few days.

The competition facing the U.S. in attempting to "benefit from the rapid expansion of outbound tourism from ... emerging markets" (Economic Report) is daunting. The 47th International Tourism Bourse (ITB) Berlin lists "10,086 exhibitors from 188 countries" and estimates travel worldwide has cracked the one billion per year mark (<http://bit.ly/YGsfCv>).

All of the exhibitors want to either protect or increase their share of this market.

"Brand USA" (<http://bit.ly/tMmVVB>), a public-private entity promoting the United States, is present to show the U.S. from its most visitor friendly side (Coastal South Carolina, by the way, has its own exhibition). However, given the delicate balance between security and openness, the U.S. has to overcome some biases by prospective visitors who are worried about being inconvenienced at the border.

One major trade group, the "World Travel & Tourism Council," published an economic impact report stating that travel related growth was "10% in South Korea, 7% in China and South Africa and 6% in Indonesia" while Europe had less than 1 percent growth and the U.S. less than 2 percent.

According to the same report, worldwide more than 260 million jobs are related to the travel industry (one in every 11).

At a time when historic stock market rallies are overshadowed by concerns that this run-up reflects an overvaluation compared to price-earnings ratios (see here: <http://bit.ly/MVnSuo>), any optimistic outlook for a major industry is welcome.

The question, then, is how the U.S. can capture a larger share of it.

There is a two-fold strategy at play.

On the one hand, our nation wants to increase travel imports (people visiting the U.S.).

On the other hand, given the large internal tourism market in the U.S., one could attempt to decrease travel exports by convincing some would-be world travelers to choose national vacation destinations. Both activities need to be successful in order to stave off worldwide competition.

Obviously, the United States still fuels the dreams and aspirations of millions of people around the world. Many want to come and live here; others just want to get a taste of the American dream by visiting.

However, as any observer of the ITB Berlin can tell, the rest of the world is becoming more competitive in this area. The battle for hearts and minds (and travelers' wallets) is on all over the globe.

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